

# **Ameren Utilities' Sustainable Energy Implementation Plan**

**Energy Efficiency Working Group**

**April 20, 2005**

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## **Energy Efficiency Standards**

### **Guiding Principles**

- Energy efficiency and demand response are distinct and separate concepts that require different metrics.
- "Price is powerful information." Providing customers with market based options is preferable to command and control approaches.
- Full cost recovery of program costs from Delivery Service customers is warranted.

### **Categories of Energy**

#### **Efficiency Programs**

- Residential and small commercial
  - ➔ New construction
  - ➔ Lighting
  - ➔ HVAC and shell improvements
  - ➔ Appliance recycling
  - ➔ Educational
  - ➔ Low income weatherization
- Commercial and industrial
  - ➔ New construction
  - ➔ Energy evaluation and recommendation programs linked to incentives for retrofit or replacement for equipment, building shell, and/or lighting
  - ➔ Educational

### **What Might It Take For Ameren To Achieve Proposed Energy Efficiency Goals?**

- Ameren's electric sales growth for its Illinois Utilities is approximately 350,000 MWH per year.
- To achieve the initial 10% reduction in annual sales growth due to energy efficiency initiatives could require:
  - ➔ Installation of 500,000 compact fluorescent light bulbs, or
  - ➔ Installation of 20,000 energy efficient refrigerators.

## Energy Efficiency Metrics

- Is MWH the appropriate metric?
- Should programs be designed more to inform and educate consumers & retailers rather than to subsidize one group of consumers, i.e., rebates, at the expense of another group?
- Is a metric akin to a “customer energy efficiency awareness index” better suited to meet energy efficiency objectives?
- Combination of MWH and awareness index.

## Categories of Demand

### Response Programs

- Residential and small commercial
  - Real Time Pricing (RTP)
  - Air Conditioner Load Control
- Commercial and industrial
  - RTP
  - Market priced curtailment service

### Demand Response Metrics

- Is MW the appropriate metric?
- Should customers be offered options to reduce their electric bills by either reducing or shifting electric usage? (Instead of involuntary measures?)
- Is a metric akin to “quantity and quality of customer demand response options” better suited to meet demand response objectives.
- Remember: “Price is powerful information.”
- Customers will make the choice that is right for them.

## Implementation Considerations

- The Governor’s Plan applies to both ARES and utilities.
  - Assigning “goal” responsibilities between utilities and multiple ARES will be problematic.
    - Customer switching will result in a constant moving target for ARES and Utilities to achieve goals.
    - Similar to the Ameren Utilities’ RPS approach, assigning the full responsibility for meeting the goal to Utilities would alleviate this responsibility for ARES.

## Implementation Considerations (Cont.)

- We agree with the Sustainable Energy Plan’s recommendation that long-term contracts with efficiency service providers be

used as the primary method to meet the annual goals, and such costs be recoverable.

- This should not be the exclusive model for efficiency and demand response programs.
- Utilities should have the flexibility, at its own choosing, to conduct such programs itself (to the extent competitive with third party providers).

### Implementation Considerations (Cont.)

- ➔ Educational & pricing programs, such as RTP, should also count toward meeting the goals.
- ➔ Does the “promotion” of such programs by the utility conflict with Illinois IDC rules? (RTP is an example).
- ➔ Compliance costs to be fully recoverable in rates if they are shown to be competitive with traditional forms of generation and delivery resources.
  - Who determines this “cap” and what is process to administer such a requirement?
  - This provision should result in ICC pre-approval of programs, to determine whether they qualify for cost recovery ahead of implementation.

### Next Steps

- Need feedback from stakeholders
- Collaborate with energy efficiency experts
- Create metrics to capture benefits of programs
- Develop programs with competitive costs
- Develop RFP process
- Obtain ICC approval for program acceptance and cost recovery
- Provide customer choice to meet the goals of the program